

TOP SECRET

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**1. NUCLEAR TEST ISSUE MAY BECOME CRUCIAL AT UN  
DISARMAMENT SUBCOMMITTEE TALKS**

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Canada is prepared to propose the limitation of nuclear tests in advance of a general disarmament agreement, according to the Canadian delegation to the UN disarmament subcommittee now meeting in London.

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Japan's continuing concern over nuclear testing was the subject of an aide-memoire given to the American delegate on 20 March. The Japanese government expressed its desire that the current session of the subcommittee achieve "a substantial result" on control, and in particular, testing, of nuclear weapons. Tokyo said it feared that failure to accomplish such a result might force Japan to align itself at future international conferences with the Soviet bloc and Asian countries advocating an immediate suspension of nuclear tests.

In his opening speech on 18 March, Soviet delegate Zorin proposed that an agreement to cease nuclear tests be reached immediately and apart from agreement on other disarmament problems. On 19 March he proposed that India, Yugoslavia, Norway and Japan be invited to appear before the subcommittee since they are sponsors of proposals--all related to banning or limiting tests--that the subcommittee is to consider.

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## 2. BEN-GURION MAY BE "FLEXIBLE" ON RETURN TO GAZA

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The American embassy in Tel Aviv believes that the fact that Prime Minister Ben-Gurion on two recent occasions did not try to arouse Israeli opinion over Egypt's return to the Gaza strip may reflect his desire to retain maximum flexibility of policy on this issue. The embassy suggests that once Ben-Gurion has decided that a limited Egyptian return to Gaza cannot be reversed, he would begin to minimize the importance of this political defeat in the eyes of the Israeli public.

The embassy also notes that Israeli chief of staff Dayan is reported to have told a meeting of Israelis who have settled near the Gaza border that there was little likelihood that large-scale fedayeen raids would be renewed, although some thefts by infiltrators from Gaza were to be expected.

**Comment** Other observers have noted that the Israeli press does not seem to have been given a consistent line to follow in regard to Israel's policy on Gaza. Some newspapers criticized Foreign Minister Meir's trip to the United States as useless. A very widely read independent paper has denounced talk of retaking Gaza by force on the ground that this action would lead only to the imposition of sanctions and other international difficulties. There appears to be a general sentiment in the press that Israel's diplomatic efforts would be better concentrated on the Gulf of Aqaba issue.

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#### 4. FAWZI RESTATES EGYPTIAN POSITION ON SUEZ

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Egyptian foreign minister Fawzi appeared harassed, deeply troubled and apprehensive in an interview with Ambassador Hare on 20 March. His statements suggest that while he personally desires to come to a reasonable agreement on a Suez settlement, he is bound to a hard line by Nasr. Fawzi said that if the Western powers could agree that there would be no infringement of Egypt's sovereignty or rights regarding a Suez settlement, then "everything else"--freedom of navigation, tolls, and maintenance of the canal--could be easily settled. He said Egypt had no intention of going back on anything it has said or accepted but "we should not be distracted by formalisms." He said there was wide divergence of opinion on an interpretation of the "six principles" enunciated last October, and Egypt would have to know an agreed interpretation before it could reaffirm them.

Fawzi told Hare that Egypt needs US help, wants US friendship and would not willingly choose another course. He said the way ahead was difficult and would require patience.

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## 5. SITUATION IN SYRIA

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The American military attaché in Damascus reported on 20 March that the temporary truce between rightist and leftist factions in Syria continues. He felt a break should be expected within the next two or three days.

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### Comment

The present lull indicates that neither faction feels it has sufficient power to force a "showdown." Leftist influence will remain strong as long as Sarraj maintains his position.

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## 8. POLITICAL CRISES IN PAKISTAN

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Intense political maneuvering has resulted in the proroguing of the West Pakistan legislature and the assumption of administrative powers by President Mirza on 21 March. Mirza reportedly took over the West Pakistani government to prevent the Republican Party from losing control to forces advocating division of the one-unit province into the six units which existed prior to 1955.

In East Pakistan, both the provincial government and Prime Minister Suhrawardy's pro-Western foreign policy are about to face a serious test. Resolutions on full regional autonomy for East Pakistan and on foreign policy are to be debated within a few days.

These threats in both West and East Pakistan make Suhrawardy's position as prime minister insecure. Political instability may also delay a rapprochement between Pakistan and Afghanistan. In addition, Prime Minister Nehru of India may be less inclined to make any concessions on Kashmir during UN representative Jarring's visit to New Delhi if he feels that the Pakistani government is too preoccupied to give its full attention to the dispute.

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9. SITUATION IN INDONESIA

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The Indonesian army territorial commanders' conference concluded on 20 March with a demand that President Sukarno take former vice president Hatta back into the government.

Hatta is reported to have rejected Sukarno's suggestion that he head an economic planning board but be denied any political influence in the government.

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The army chief of staff, General Nasution, has indicated to the Moslem parties that he approves their opposition to Communist participation in the new cabinet. The secretary general of the Indonesian Communist Party, however, has threatened a general strike by SOBSI, Indonesia's largest trade federation, if the anti-Communist Masjumi party is allowed to participate in the next cabinet and the Communists are barred. SOBSI probably would be controlled in most non-Javanese areas, but could paralyze transportation, commerce, and Western enterprises in Java.

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# 11. AMERICAN LEGATION IN BUDAPEST COMMENTS ON HUNGARIAN-SOVIET TALKS

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The American legation in Budapest believes that the current Hungarian-Soviet talks in Moscow will result in some superficial concessions to Hungary now

that the Kadar regime has weathered the 15 March test of its internal control. While the most obvious features of Soviet control may be softened, there will be no significant changes in internal policy.

According to reports from two other Western missions in Budapest, the USSR may agree to a broadening of the base of the Kadar government. There may also be numerous personnel changes, with Kadar possibly stepping down as premier. A status of forces agreement may be concluded, and economic questions are also expected to be discussed.

## Comment

The Soviet-Hungarian meeting will probably produce agreement on additional substantial economic assistance for Hungary, as has been the case in other recent bilateral meetings between the USSR and its Satellites. A Hungarian broadcast on 20 March concerning the talks stated that the "terms of a further development of economic relations" would be discussed.

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ANNEX

Watch Report 346, 21 March  
of the  
Intelligence Advisory Committee

Conclusions on Indications of Hostilities

On the basis of findings by its Watch Committee, the  
Intelligence Advisory Committee concludes that:

- A. No Sino-Soviet bloc country intends to initiate hostilities against the continental US or its possessions in the immediate future.
- B. No Sino-Soviet bloc country intends to initiate hostilities against US forces abroad, US allies or areas peripheral to the Orbit in the immediate future.
- C. A deliberate initiation of hostilities against Israel by the Arab states is improbable in the immediate future. Israel, though apparently now relying on diplomatic measures, may at any time renew hostilities if faced with one or more provocations such as: an introduction of substantial Egyptian military forces into the Gaza strip, a renewal of extensive fedayeen raids, an attempted denial of passage for Israeli shipping through the Straits of Tiran or an early withdrawal of UN forces. Other unsettled issues and tensions in the Middle East, especially in Syria and Jordan, also constitute possibilities for violence.

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